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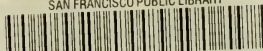
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JAPAN AND AMERICA  
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REPORT of the COMMITTEE  
ON  
COMMERCIAL RELATIONS

OF THE  
HONORARY COMMERCIAL COMMISSIONERS  
REPRESENTING THE CHAMBERS OF  
COMMERCE OF THE PACIFIC  
COAST STATES OF THE  
UNITED STATES  
OF AMERICA

ON A VISIT TO JAPAN

OCTOBER, 1908

REPRESENTING THE FOLLOWING CHAMBERS OF COMMERCE:

SAN FRANCISCO, OAKLAND,  
LOS ANGELES, SEATTLE, PORTLAND, TACOMA,  
SPokane, SAN DIEGO, KURENA AND  
HONOLULU, HAWAII IS.









# Report of the Committee on Commercial Relations

Honorary Commercial Commissioners  
representing the Chambers of Com-  
merce of the Pacific Coast States of the  
United States of America.

OCTOBER, 1908

## COMMITTEE ON COMMERCIAL RELATIONS:

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President Honorary Commission  
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Vice-Pres. Honorary Commission  
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# REPORT

OF THE

## Committee on Commercial Relations

OF THE  
HONORARY COMMERCIAL COMMISSIONERS REPRESENTING  
THE CHAMBERS OF COMMERCE OF THE PACIFIC  
COAST STATES OF THE UNITED STATES OF  
AMERICA ON A VISIT TO JAPAN

OCTOBER, 1908

*To the Chambers of Commerce of San Francisco, Los Angeles, Seattle,  
Portland, Oakland, Tacoma, Spokane, San Diego, Eureka and  
Honolulu:*

Gentlemen: The Chambers of Commerce of Tokyo, Osaka, Kioto, Yokohama and Kobe, of the empire of Japan, desiring to give expression to their feelings of friendship and good will toward America and Americans, and wishing also to quicken the sentiment of mutual attachment and good neighborhood which unites the people of the two lands, extended a cordial invitation for a number of representative citizens of the Pacific Coast of the United States to come to Japan during the chrysanthemum season of 1908.

In response to the invitation, the Chambers of Commerce of the Pacific Coast States of America appointed thirty commissioners to represent them, a majority of whom embarked on the S. S. Tenyo Maru, sailing from San Francisco for Yokohama on the 25th of September last.

During the voyage the Commissioners organized, and, among other things, appointed a committee on commercial relations consisting of six members, the President and Vice-President of the Commission being ex-officio members. This committee was vested with the following powers: To investigate the trade relations between Japan and the United States and to report their findings to the several Chambers of Commerce represented.

The committee organized and prepared a list of printed questions to be submitted for answer to the commercial organizations, officials, and leading business and educational men of Japan, and among others responding thereto were: N. Oshikawa, Vice Minister of Agriculture and Commerce; Mr. Nakano, President of the Chamber of Commerce of Tokyo; Mr. J. Nishimura, President of the Chamber of Commerce of Kyoto; Mr. M. Ono, President of the Chamber of Commerce of Yokohama; Mr. R. Sugiyama, Vice-President of the Chamber of Commerce of Kobe; Mr. G. Tanaka, the principal banker of Kyoto; United States Vice-Consul General Babbitt, of Yokohama; Dr. J. H. De Forest, for thirty-five years a missionary in Japan; Professor Mizusaki of Doshisha, of the University of Tokyo; Mr. J. Yamaguchi, a graduate of the University of Washington and now teaching in the Commercial School of Tokyo; Mr. J. Kawashima, a large manufacturer of Kyoto; Mr. I. Fujimura, President of the Japan Textile Manufacturing Company of Kyoto. In addition to the information furnished us by the above mentioned gentlemen, we were supplied with books and pamphlets relative to Japan, notable among which we desire to mention: "Japan in the Beginning of the Twentieth Century," "The Eighth Financial and Economic Annual of Japan," and "The Japan Year Book of 1908." from which we have gathered valuable information.

We were entertained and given further information by the Chambers of Commerce of Yokohama, Tokyo, Kyoto, Osaka and Kobe, by the merchants and bankers of Yokohama, the Yokohama Specie Bank, the Tokyo Bankers' Association, the Peace Society of Kyoto, the Merchants' Association of Tokyo, and the Japan Foreign Trade Association.

Under the direction of the managing officers we visited and inspected the following institutions:

Keughi Boseki Stock Company of Kioto, silk spinners; Kawashima Crimonosho of Kioto, embroiderers, figured and patented fabrics; Nippon Seifu Kabushiki Kaisha of Kioto, cotton yarns and flannelettes; the Settsu Cotton Spinning Company, Ltd., of Osaka; the Nitta Leather Belt Company of Osaka; the Miku-bishi Shipbuilding Company of Nagasaki; Kawasaki Dock Yard of Kobe, and the Kanegafuchi Spinning Mill Company of Kobe.

While on the Tenyo Maru it was our good fortune to be addressed by Dr. De Forest, Dr. Newell, and Mr. Worley, who for years have acted as missionaries in Japan, and by Consul General Kioke. It was our pleasure to listen to a talk given by President Hamao of the Kioto Imperial University; to all of whom, and to others, who furnished us with information, we feel greatly indebted.

The committee, with the limited time at their disposal for the investigation of the commercial conditions of Japan—bearing as they do upon the industrial and educational conditions—realize the impossibility of doing justice to all interests. While appreciating the probability of many shortcomings, they will, however, undertake the task of reporting thereon in the hope that the report, such as it is, will give some idea of the conditions of trade between the two countries, and that it may in large measure aid in spreading correct information about the possibilities of trade expansion, the complete understanding of which should result in an increase in trade.

## JAPAN—YESTERDAY AND TODAY.

## THE RESTORATION.

Japan's form of government is a limited monarchy. Her people claim for her the longest line of direct descendants to her throne in history, and that this direct lineage runs back some 2,500 years. In former times the Emperor was a recluse living in a simple palace, never seen by his people. He issued his orders through an executive called a Shogun. The Shogun's temples and shrines were wonderful works of art, his word became the law of the land, and many excesses and extravagances were practiced in his name. In 1867 the Shogun was shorn of his authority, and the present Emperor, His Imperial Majesty Mutsu-hi-to, was crowned in 1868, taking a new oath of office and becoming the ruler of his people in fact as well as in name. The period during which these changes took place is called the Restoration.

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As this was the first visit of a majority of the committee to Japan, we found ourselves constantly contrasting conditions which exist today with the historic conditions which existed when Commodore Perry opened the ports of Japan to the world. Fifty-five years ago the empire of Japan was a hermit kingdom, and foreign trade and commerce were discouraged to such an extent as to be practically prohibited. Today, however, they are carrying on a trade of great importance with the United States, China, Great Britain, British India, Germany, France, Korea, and even the far-off countries of South America, to which latter countries they have sent commercial emissaries to investigate the possibilities for increasing trade.



A half century ago they had not a deep-sea vessel; today they have over 2,000 steam vessels and nearly 4,500 sailing vessels, independent of their naval ships, which constitute a navy ranking among the greatest in the world. In fact, Ii Naosuke, appointed in 1858 to the office of Tairo, second in authority only to the Shogun, was censured for proposing to rescind the law issued early in the seventeenth century prohibiting the building of large vessels suitable for foreign trade and "to build navies for the protection of the coasts," that "the country might be free from the menaces or threatenings of foreign powers"; and he was afterwards assassinated for having concluded the first treaty with the United States, and opening the country to the civilization of the nineteenth century.

At that time Japan had not a single manufacturing plant worthy of the name, everything being done by the piece-work system, while today their Department of Agriculture and Commerce claims for the Empire upwards of 10,000 factories, employing over 600,000 operatives. Then Japan had practically no foreign trade; today the exchange of products with foreign countries amounts to over \$450,000,000 annually.

Fifty years ago mining was practically a negative quantity, while, according to statistics, the last reported annual output of coal and copper alone amounted to over \$47,000,000.

Before the ports of Japan were opened to the nations of the world, the teaching, or learning, of foreign languages, with the exception of the Chinese, was discouraged, and education, even in Japanese, was limited. Certain forms of diet were religiously proscribed, such as the use of meat. The wearing of rich or expensive fabrics by members of the lower classes was condemned. All classes were taught to despise foreigners. The form of government was such, and the feudal system so

well established when Commodore Perry visited Japan, that great national progress was impossible. All of these conditions and systems have been changed or modified. To educate the people away from their former mode of thought and prejudice has been a tremendous task. It is probable that no ruler in ascending a throne made a vow of broader or more far-reaching significance than his Majesty, the present Emperor, when he subscribed to the five articles included in the Imperial Oath, as follows:

1. Assemblies shall be universally established and all affairs decided by public discussion.

2. The high and low shall unite and shall assiduously carry out the state policy.

3. It is necessary that all, from civil and military officials to the people, shall attain their ideals and that public feeling shall not be oppressed.

4. Ancient abuses shall be abolished and the Nation shall be established on justice.

5. Knowledge shall be obtained from the world and the foundation of the Throne shall be greatly strengthened.

Today religions worship is as free as in America. They have adopted the public school system of the United States, the English language is quite generally taught in their institutions of learning, and many foreign languages are taught in their colleges. It was authoritatively stated that ten per cent of the Japanese people understand the English language.

## PEOPLE.

The best statistics obtainable show about 26,000,000 people in the empire of Japan in 1744. Comparatively accurate returns were not made until 1872, when, under the supervision of the Department of Civil Affairs, a census was taken which showed a population of 16,796,158 males and 16,314,667 females, or a total of 33,110,825 inhabitants. During the 128 years from 1744 to 1872 the population had only increased about 7,000,000, or at the rate of less than one-fourth of one per cent per annum. Census returns since 1872 show a steady and rapid increase in population, amounting to about 1.14 per cent per annum. The latest estimates place 50,000,000 as the present number of people in Japan, independent of Formosa. The population in the cities is increasing much more rapidly than in the country districts, due, no doubt, to the establishment of so many new manufactories, the constantly increasing capacity of the old, and the greater demands of trade generally.

**Wages.** Statistics regarding average wages of employees in Japan are very difficult to obtain, and necessarily to a great degree inaccurate on account of the varying standards in different locations and the absence of any uniform system of gauging the work of apprentices and workmen. The figures in the following table will give some idea of the wage increase since 1890 and the present standard in Japan:

	1890	1896	1906
	Yen	Yen	Yen
Shipbuilders (shipwright). . . . .	.176	.381	.70
Carpenters . . . . .	.183	.38	.65

Weavers .....	.084	.194	.42
Cotton spinners .....	....	.197	.38
Day laborers .....	.121	.262	.42
*Farm hands .....	.101	.207	.34

(The wages of farm hands includes food.)

The money denomination above is yen, which is about one-half the value of a United States dollar.

There has been, and is at the present time, a gradual increase in wages throughout the Empire.

**Living Expenses.** There seem to be no statistics on the subject of living expenses, but the following table will give an idea of the manner in which many of the necessities of life are advancing in Japan:

	1886	1896	1906
	Yen	Yen	Yen
*Rice, per koku .....	5.08	9.16	14.44
Barley, per koku .....	2.87	3.57	4.62
Salt, per koku .....	1.36	2.44	5.18
Bleached cotton, 1pc. 14 in. by 392 in..	.25	.32	.46
Firewood, 10 kwan .....	.10	.19	.26
Ginned cotton, home, 100 kin.....	19.43	22.61	31.03
Ginned cotton, foreign, 100 kin.....	17.63	21.47	28.22

One koku equals 4.9629 bushels. One kwan equals 8.2673 pounds. One kin equals 1.32277 pounds. One yen equals \$.498.

That the increase in wages of employees has more than kept pace with their living expenses is best evidenced by a comparison of the deposits in savings banks, which are estimated to represent over 8,000,000 depositors, mostly of the poorer classes.

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\*The figures in this table are quoted from a special report to the Committee on Commercial Relations made by the Department of Agriculture and Commerce of Japan.

	Postal Savings Banks Yen	Savings Banks Throughout Empire Yen
*End of 1890.....	19,514,844	3,716,018
End of 1900.....	24,015,138	49,456,580
End of 1907.....	91,094,114	114,751,382

One yen equals \$ .498.

**Changes in Diet, Clothing, Housing.** There seems to have been no marked change in the diet, clothing or housing of the Japanese people following their war with either China or Russia, except in the case of the returning soldiers who became accustomed to different dress and food. There has been, however, a gradual change among most of the people in diet and clothing and some minor changes in their housing, though, generally speaking, their houses appear to be well suited to the requirements of the masses. The use of electricity, gas and oil is increasing, and window glass is slowly replacing the translucent paper so generally used in doors and windows of the houses of Japan. The most remarkable innovation in diet is the use of meat, which was religiously proscribed up to a comparatively recent period, but which is now being consumed to some extent by all classes.

Wheat bread and Irish potatoes are coming into general use. Cows' milk was introduced some thirty years ago and is rapidly becoming an article of diet, and is prescribed by physicians for infants and invalids. Dairies are being established throughout the Empire. In the island of Hokkaido quantities of apples, cherries, and small fruits are raised and are shipped to the larger cities for consumption. The Japanese people are acquiring a taste for foreign cooking and seem to show a disposition to learn

\*The figures in this table are quoted from a special report to the Committee on Commercial Relations made by E. G. Babbitt, U. S. Vice-Consul General in charge, Yokohama.

how to prepare Western dishes. In most towns are to be found restaurants in which such food is prepared and they are frequented by the better class of the Japanese.

In dress the Japanese are gradually adopting the wearing apparel of the Western nations. This is remarkably true as to the statesmen, merchant classes, navy, army and seafaring men, mechanics, and male students. Though the adoption of the European style of dress by the women of Japan has been encouraged, most of them still adhere to their picturesque kimonos and exquisite obis, which add a charm to many a garden scene and to the brilliancy of many a function.

## EDUCATION.

Education in a modern sense in Japan may be said to have started with the introduction of the public school system of the United States by Dr. David Murray, who acted as adviser to the Minister of Education from 1875 to 1897. Prior to the Restoration learning was considered of little consequence, especially by the Samurai—the Knight Errantry—who thought principally of arms and the methods of offense and defense. The evidences of the present system are everywhere in view— young school girls in neat cloth skirts and blouses, and boys in military jackets, trousers and caps, each carrying books and happily walking or running to school, are common sights not only in the larger cities of Japan but along the country roads and in the villages. The latest statistics show that there are over 34,000 schools now in the Empire, employing nearly 140,000 instructors and teachers, educating over 6,000,000 pupils, and with over 1,150,000 graduates.

The curriculum of the elementary schools covers a period of four years in the common branches taught in our own public schools and includes a number of hours each week devoted to gymnastics and simple manual work. The higher elementary schools, in addition to pursuing the common branches of learning for two or three years, devote ten hours a week to the Japanese language, and, remarkable as it may seem, twenty-eight to thirty hours a week to the English language. Many of the best English scholars we met in Japan had never been abroad. Their middle schools require an attendance for five years and prepare a boy to enter higher institutions of learning or to become a Government employee, while the high schools

in a three-year course prepare a student for entering a university. The Imperial universities at Tokyo and Kyoto are well established, the attendance at Kyoto being nearly 1,600, while nearly 5,000 attend the University of Tokyo. The curriculums include law, medicine, engineering, and science, and cover a period of from three to eight years, according to the course and the ability of the student to master his subjects.

The technical schools of Japan cover the practical branches of life and prepare students to carry the burdens which are likely to be placed upon their shoulders in the future.

The Government higher commercial schools, established in Tokyo, Kobe, Yamaguchi, and Nagasaki, are largely attended, and have an attendance of over 2,000. The nautical school at Tokyo prepares young men to become reserve naval officers and engineers, while the Fishery Institute gives practical lessons in marine industry and aquiculture. There is also a school for agriculture and forestry, and the six Government technical schools offer instruction in such practical subjects as mechanics, electricity, dyeing and weaving, furnace work, naval architecture, and engineering.

The Imperial University library in Tokyo is the largest in Japan, having over 400,000 volumes, about forty per cent of which are foreign books, there being more in English than in any other language. These are all used by the students of the university.

At the Imperial library an admission fee is charged; yet there were over 300 young men studying in the reading and reference rooms of the library at 11 o'clock on the morning of our visit. The young people of Japan seem to be earnestly and laboriously seeking an education, and the Government has supplied the opportunity for obtaining it. Not only has she supplied the equipment, but organizations are established in



many places to assist financially those students who are not self-supporting. The Government also selects those students who make the best university records and sends them abroad to complete their education, to study industrial and other conditions in foreign countries, and to investigate markets for foreign goods. The Emperor takes a deep interest in educational matters and has a wonderful grasp of what standards of thought should be inculcated into the minds of the younger generation, as is evidenced by the Imperial Rescript on Education issued in 1890, which is read on important national holidays to the school children, who memorize the text.

Know Ye, Our subjects:

Our Imperial Ancestors have founded Our Empire on a basis broad and everlasting and have deeply and firmly implanted virtue; Our subjects ever united in loyalty and filial piety have from generation to generation illustrated the beauty thereof. This is the glory of the fundamental character of Our Empire, and herein also lies the source of Our education. Ye, Our subjects, be filial to your parents, affectionate to your brothers and sisters; as husbands and wives be harmonious; as friends true; bear yourselves in modesty and moderation; extend your benevolence to all; pursue learning and cultivate arts, and thereby develop intellectual faculties and perfect moral powers; furthermore advance public good and promote common interests; always respect the Constitution and observe the laws; should emergency arise, offer yourselves courageously to the State; and thus guard and maintain the prosperity of Our Imperial Throne coeval with heaven and earth. So shall ye not only be Our good and faithful subjects, but render illustrious the best traditions of your forefathers.

The way here set forth is indeed the teaching bequeathed by Our Imperial Ancestors, to be observed alike by Their Descendants and the subjects, infallible for all ages and true in all places. It is Our wish to lay it to heart in all reverence, in common with you, Our subjects, that we may all thus attain to the same virtue.

The 30th day of the 10th month of the 23rd year of Meiji.

(Imperial Sign Manual. Privy Seal.)

This Rescript probably explains in a great measure the perpetuation of the idea of "Oneness" in Japan, often referred to as the "Bushido spirit," which is a sort of code of honor

handed down to the present generation by the Samurai, who were, before the Restoration, the fighting class—the warriors. They practiced loyalty to their sovereign, self-control, benevolence, courage, truthfulness, and justice. These practices constituted their education and practically their religion.

Education in Japan is compulsory under the law, though these laws are not so strictly enforced as they are in the United States. Though the school system came from America, where schooling is free, the authorities of Japan may charge a fee for attendance not to exceed 5 cents in cities or 10 cents in the country districts.

## INDUSTRIES.

Following the Restoration manufacturing in Japan underwent a change by reason of the introduction of labor-saving machines. The Government then made a systematic effort to encourage their use and established model factories for that purpose. Machinery was thus introduced into the handling of raw silk, the spinning of cotton and silk, the manufacture of matches, cement, the brewing of beer, the building of ships, and, finally, into the mining of coal and copper, the refining of sugar, the making of gas and coke, and a long list of other articles. From small beginnings these industries have grown until in 1906 there were:

Yen

38 cotton-spinning industry companies with a total capital of .....	38,413,000
54 mining and metallurgical companies with a total capital of .....	23,146,000
89 electric lamp companies with a total capital of...	27,976,000
16 shipbuilding companies with a total capital of...	11,752,000
32 coal mining companies with a total capital of...	11,081,000
8 sugar-refining companies with a total capital of.	7,416,000

The above list may be greatly extended by referring to the Japan Year Book of 1908-09.

United States Vice-Consul General Babbitt, in his special report to the committee, gives the following information: "The industries of Japan have grown rapidly since the war with Russia, 383,106,800 yen having been invested in new plants, and 130,587,000 yen representing enlargements of old plants, or a total of 513,693,800 yen increased capital in the manufacturing

industries of Japan in three years. In 1896 there was 1,367 industrial concerns having a capital of 143,618,000 yen, of which 89,900,000 yen was paid up. In 1906 there were more than 2,500 having a paid up capital of 246,868,000 yen. The greatest amount of capital is used by the spinning companies, followed by mining, electric plants, and shipbuilding."

Indications point to a great future for Japan in manufacturing. The Government encourages new enterprises of this character, and conditions seem exceptionally favorable for their ultimate success. There appears to be an incalculable amount of water power readily convertible into electrical energy. Some of this power is already utilized and much more is under way and in contemplation. One thing, we were advised, stood in the way of the utilization of the great water power of Japan—the use of water by the farmers for irrigation. But we were also informed that before the water reached the lands of the farmer its fall out of the mountains was sufficient to generate all the power necessary, and that the objections of the farmer would be overcome by demonstrating that the use of the water for power purposes would in no way affect its use for the purposes of irrigation.

There is also an almost limitless supply of labor in Japan which seems able to turn its hand to new vocations and master the details of new methods and machines in a short space of time. Through the ages they have used their hands in the making of fine fabrics and in the arts. At the time of the Restoration there were dozens of different kinds of silks, hemp and cotton were woven into cloths and nets, fine porcelains were made, and the making of copper and lacquer ware was an art. The Japanese as a people have learned to use their hands. For them to turn from one vocation to another is comparatively easy.

With labor and power at a minimum cost, and the Government ready to lend a helping hand financially, if necessary, there seems good reason to believe that there is a great future for Japan as a manufacturing nation.

**Patents, Designs, and Trade-Marks.** Japan is a member of the International Convention for the Protection of Industrial Property, and has a treaty with the United States in relation to trade-marks. In Japan, as in the United States, there is quite an elaborate system of statutory laws for the protection of patents, designs, and trade-marks. We are led to believe, however, that these laws are not as well administered as they ought to be. We found certain articles manufactured in Japan bearing all the imprints of foreign manufacture. We are pleased to relate that at the present time the Government officials and the leading newspapers of the Empire are urging the discontinuance of such practices.

**Welfare Work.** We found in Japan, in the spinning factories particularly, many young girls who were serving as operatives. This appeared to be the worst feature of Japanese industrial life, though we were not blind to the long hours which everywhere seemed customary, and altogether too long for human endurance. It is, however, only fair to say that the manufacturers of Japan are giving considerable thought to welfare work and are hoping eventually to entirely eradicate child labor from their plants. In one of the factories where child labor was used to a large extent, welfare work was as greatly developed as in some of the best factories in the United States. There was a school for the apprentices (those under the age of fourteen years), and the children of employees were privileged to attend the same school free of charge. Social etiquette was taught employees, and a modern and well-equipped theater was provided for their amusement. Other

features were a hospital where medical attendance and medicines were free to employees, and a boarding house where meals were supplied at about one-half actual cost. This manufacturing plant is recognized as the model industrial institution in the Empire. The factory owners with whom we conversed spoke with regret of the necessity of child labor, and claimed that they were doing what they could that it might ultimately be eliminated. We were informed that the lawmakers are considering the enactment of proper measures for the betterment of the conditions of the laboring classes.

## NATURAL RESOURCES.

**Fisheries.** The natural resources of Japan, other than agricultural lands, are very valuable, especially their forests, mines, and fisheries. Of the three, probably the latter is the most important to the people of Japan, because it supplies one of the principal foods of the islands. Strenuous efforts have been made by the Government and by the people during the past fourteen or fifteen years to develop this industry, and this has resulted in an advance in the value of "takes" of fishes and of marine products of from 30,950,000 yen in 1897 to 54,673,000 yen in 1906. The value of the manufactured marine products in 1897 amounted to 29,740,000 yen, as against 33,543,000 yen in 1906. Nine hundred thousand families of fishermen, or over 3,000,000 individuals, engage in the marine industry of Japan.

The number of fishing boats totals over 400,000. Fish and certain sea animals caught by fishermen were formerly supplied chiefly to local customers, but of late years sea products are kept in ice and sent to distant parts, and no small quantity is exported in a manufactured state.

Along the coasts of Japan there are warm currents and cold currents which contribute largely to the diversity and richness of the marine products. The warm currents are rich in fauna and flora, sardines, bonita, yellow-tail, tuna, and many other varieties; while among a long list found in the cold currents are herring, salmon, and cod. In aquiculture the Japanese are making progress. They are raising carp, snapping turtles, mullet, eel, and trout. They are also practicing the artificial fecundation of the oyster. First among the principal enterprises in aquiculture are the salmon and trout hatcheries.

The fishing vessels used in Japan were, until lately, open boats which did not venture out to sea more than thirty or forty miles, and it is only quite recently that deck vessels have come into use and deep-sea fishing has been undertaken.

**Mining.** Only since the Restoration has remarkable progress been made in mining operations. Extensive coal measures are found in various parts of the Empire and copper is widely and richly diffused. The oil fields also appear to be quite extensive. Mines of gold and silver are worked, but not extensively. Coal is the principal mineral product, copper being second. Already considerable thought is being given to the consumption of coal, that this resource shall not be unnecessarily wasted.

In the working of the mines and the oil wells Western methods have been adopted. Some of the mines formerly worked by the Government have of late years been turned over to private parties for operation. Among the mine employees there are labor unions similar to those which exist in the United States. The Government, through its officers, assumes control over the treatment of mine employees, regarding the safety of architectural construction, both in the mines and in connection with mining, and protects the life and health of the workmen, the use of explosives, arrangements for ventilation, subterranean works, and provisions against accident. In case of death or injury sustained in the discharge of duty, the Government through its officers assumes control over suitable relief for workingmen or their families by the employers. The officers of the Government are further authorized, by means of departmental ordinances, to place restrictions on the working hours, on the kind of work that may be imposed on females, and also on the working hours and kind of work for minors. According to the latest statistics there are 187,922 workmen in the mines of Japan.



The returns from the mines for 1906 shows:

	Quantity	Value—Yen
Coal, tons.....	12,980,103	63,144,000
Copper, kin .....	64,191,051	30,079,926
Petroleum, koku .....	1,378,397	2,145,502
Silver, momme .....	20,985,741	3,439,143
Gold, momme .....	726,743	3,633,715

One kin equals 1.607 lbs. (Troy) One koku equals 39.7 gallons. One momme equals 2.411 dwts.

The value of the output of the mines has trebled in the past ten years, the last figures showing a production of 108,390,000 yen, as against 34,330,000 yen ten years ago.

**Forestry.** The principal forest products of Japan come from the islands of Hokkaido, the timber of this section being considerably larger than that grown in other portions of the Empire. From here railroad ties and other timber are now shipped to the United States, Mexico, and other countries. For years reforestation has been made compulsory by the statute law of the Empire, and during the years 1898 and 1899, 801,000,000 seedlings and young trees were planted.

“According to a forestry law promulgated in 1907 administrative authority may be exercised to prevent the destruction of forests and to plan the new planting of trees on public and private forest claims and waste lands. A law for the felling of trees in a definite order was established whereby progress is being made in the production of timber in quantities large enough to meet completely the national needs and to derive the greatest possible profit therefrom.”—From the Annual of Japan, 1908.

From various estimates there appear to be between 55,000,000 and 60,000,000 acres of forests in Japan in which are many different kinds of trees. The principal forest prod-

ucts used for export are timbers, boards for tea-chests, and match sticks, and bamboos. Most of the timber is exported to China and India, while the tea-chest boards are sent to British India. The value of forest exports in 1906 amounted to nearly \$5,000,000. The total forest yield for 1906 was \$17,000,000, independent of fuel wood, which amounted to \$12,000,000 additional.

## LAND AND AGRICULTURE.

The land area of Japan is but one-twenty-second of that of the United States, or approximately the area of the state of California, and only about fifteen per cent of the land of Japan is arable, the area under cultivation when products are considered being comparatively very small. Were it not for the intensive farming which everywhere prevails, Japan, like England, would be compelled to go abroad for her food supply. It is probable that nowhere else are the farming lands of the same quality of soil made to produce so abundantly as in this Empire. All of the alluvial plains are in a high state of cultivation, and many of the hillsides have been terraced and are made to produce rich crops of rice, potatoes, beans, and other foodstuffs. Practically all the rice is grown by means of irrigation, as is also sugar-cane and indigo. The farms are exceedingly small and oftentimes the holdings of a farmer are not contiguous; but in late years a law was passed for the readjustment of land boundaries, which provided for the exchange of lands so that the lands belonging to any one person might be brought into a body and irregular boundaries eliminated. This has resulted in the removal of many barriers (enabling farmers to utilize their holdings to better advantage), and the increase of the tillable area.

Thirty per cent of the land which produces rice also produces annually a second crop, such as barley. In their intensive farming the Japanese pay particular attention to fertilization. Offal is extensively used, and the experimental schools have developed sulphates of lime and other artificial means for enriching the soil. Rape-seed, oil-cakes, and fish are among the principal fertilizers used.

The annual value of crops produced in Japan approximates \$500,000,000. Sixty per cent of the population are classed as agriculturists. The farm houses in the main are small frame structures having either tile or thatch roofs and, as a rule, appear to be clean and well kept. The farming implements are of the most simple kind, as practically all farm labor is hand work, the farmer who cultivates his land by horse or ox being the exception. As Japan has established her agricultural schools and experimental stations and thereby increased the productiveness of her soil, and as agriculture is looked upon as the primary basis of national wealth, it is probable that wealth from agricultural pursuits will increase.

Stock-raising in Japan is steadily on the increase, and about a quarter of a million cattle are slaughtered annually.

The time of the farmers of Japan is only partially consumed in agricultural enterprises, and when not so employed many of them and their families are engaged in the manufacture of starch, macaroni, willow baskets, the weaving of fabrics, the spinning of yarns, the manufacture of silk, and other pursuits, which occupations are carried on at home.

In colonization, the government of Japan is quite active at the present time. Your committee was advised that free transportation is given to subjects of the Empire who go to Hokkaido, Korea or Manchuria for the purpose of settlement, and that in some cases farming implements are furnished, and the land allotted to each settler is large in comparison with the size of the farms in the older inhabited portions of the country. The settlement of Hokkaido, one of the principal islands of the Empire, was begun some thirty years ago. Already the population of that section amounts to 859,000, most of which came from the main island of Japan. During the past few years a great many Japanese have settled in Korea and Manchuria,

and they are gradually developing the resources of those countries. We were assured of an earnest desire on the part of the Emperor and his officials to restrict emigration to foreign lands, and to encourage the colonization and development of the sparsely settled sections of the Empire, Korea and Manchuria; and at all times to keep at home a sufficient number of working people for the development of the natural resources and manufacturing industries, fisheries, and for the extension of commerce.

We found in Japan three classes of monied institutions, all having for their purpose the extension of agriculture, to wit: the Japan Hypothec Bank, local hypothec banks, and credit guilds. There are also credit and purchase guilds organized under the industrial guilds law. The first of these appears to have for one of its purposes the encouragement of colonization schemes and large reclamation enterprises. The second loans to farmers, while the third takes care of the temporary needs of the agricultural population.

## TRANSPORTATION.

Most of the railroads in Japan are owned by the Government. It was decided in 1869 to commence the work of railroad construction, and in 1872 the first line in the Empire, running from Tokyo to Yokohama, was in operation. There are at the present time about 5,000 miles in operation, with nearly 2,000 engines, 5,500 passenger coaches, carrying 125,000,000 people a year, and 30,000 cars for freight, carrying 25,000,000 tons per annum. All railroads are narrow gauge, and the rolling stock is much inferior to that in America. Owing to the unusually short distances traveled, however, passengers suffer no great inconveniences. On account of the topography of the country, tunneling is necessary to an unusual extent, and as so much construction has been done, the probability of standardizing their railroads seems remote.

**Shipping.** The original ships used in Japan were junks, these being sailing craft of small tonnage unfitted for deep-sea voyages. That Japan is fast becoming a sea power is apparent even to a casual observer. In thirty years she has passed from the junk to the modern steel turbines of upwards of 13,000 tons, and these great ships are built in the shipyards of Japan by skilled Japanese workmen.

The percentage of growth of her merchant marine is greater than that of any other nation, and the tonnage of her merchant ships is very respectable, even when compared with that of France, Germany or the United States. It is not only in the building of ships that Japan is showing great progress, for with consummate skill and enterprise she is educating her young men to operate the ships which her skilled artisans build. A nautical school is provided for her young men and its course of instruction is thorough and practical. The stu-

dents are not only instructed in books touching upon navigation, but they are placed upon ships, given the lowest positions, and are then compelled to work their way up.

**Ship Subsidies.** Japan believes in subsidizing the building and operation of ships. That this has had a great influence upon the upbuilding of her merchant marine is unquestioned. Though a poor nation, she has continued to increase her appropriations for the encouragement of shipping. Her budget for 1908-9 carried the greatest amount ever appropriated by her, amounting to yen 12,390,695 as follows:

	Yen
*Encouragement of navigation.....	3,483,955
Encouragement of shipbuilding.....	1,995,440
Subsidy to European route.....	2,673,895
Subsidy to San Francisco route.....	1,013,880
Subsidy to Seattle route.....	654,030
Subsidy to Australian line.....	425,782
Subsidy to Far Eastern service.....	530,000
Subsidy to Inland Chinese navigation.....	800,000
Training of mariners .....	5,000
Life-boat work .....	20,000
For calling at Korean and North China ports.....	50,000
Coasting service .....	351,000
Ogasawara (Bonin Island) service.....	17,000
Islands in Kagoshima.....	22,800
Oki Island .....	5,400
Hokkaido coasting service .....	180,553
Idzu Island service.....	7,560
Tairen service .....	140,000
Okinawa (Loochoo Island) service.....	5,400
Okinawa remote islands .....	9,000
Total .....	Yen 12,390,695

\*The figures in this table are quoted from a special report to the Committee on Commercial Relations made by E. G. Babbitt, United States Vice-Consul in charge, Yokohama.

There is every indication that the subsidies paid to ships plying between Japan and America and Europe will be continued after the expiration of the present law in 1911.

Japan seems to be as far advanced as any of the great commercial nations in the establishment of beacon or coast lights and life-saving stations.

**Postal System.** In 1871 a postal system modeled on Western mail service was adopted in Japan. It is wholly under the charge of the Government and is co-extensive with the Empire. There is a parcels post service which had its inception in 1892, and which has rapidly developed until it now handles upwards of 15,000,000 parcels annually, and has proved of great service to the merchant classes and of economic worth to the masses. Japan maintains in China and Korea quite a large number of postoffices. Postal matter is divided in five classes, as follows: 1st class—letters; 2d class—postal cards; 3d class—periodicals issued not less than once a month; 4th class—books and printed matter; 5th class—seeds of agricultural products. There is an express delivery, poste restante, delivery certificate, registration, value declared mail, collection of trade charges, collection of cash, franc post. Other foreign mail includes a foreign parcels post. There is a system of both domestic and foreign postal money orders, and postal savings banks. Under the Department of Communications are the foreign and domestic telegraphs and the telephone.



## FOREIGN TRADE.

**Trade.** Japan has made great progress in her foreign trade since 1868. In 1869 she exported a little over one million dollars' worth of tea, while in 1907 her exportations were over six million dollars. In 1869 she exported \$2,900,000 worth of silk tissues, yarns, and materials, while in 1907 she exported \$80,000,000 worth. In 1869 the amount of coarse and refined copper which Japan exported is hardly worth mentioning. According to the latest statistics she is now exporting copper to the value of nearly \$15,000,000, her total export trade in 1907 amounting to \$216,000,000.

The United States is the principal purchaser of Japan's exports, the trade with the United States being 30 per cent of Japan's export commerce. China is Japan's second best customer, and England ranks third. The following table will give a comprehensive idea of the manner in which Japan's foreign trade is developing:

	1898	1907
Imports from—	Yen	Yen
Great Britain .....	71,552,065	116,192,437
United States .....	62,672,857	80,675,668
France .....	8,087,470	6,897,407
Germany .....	29,196,142	47,620,094
Exports from Japan to—		
Great Britain .....	10,251,934	22,267,763
United States .....	52,354,136	130,828,815
France .....	19,125,424	42,523,536
Germany .....	3,507,739	11,172,740

Consideration should be given to the fact that Japan passed through a great foreign war during the periods of comparison indicated in the foregoing table, and the year 1907 was one of financial depression.

For years Japan has systematically investigated and encouraged foreign trade. For some time past she has sent abroad some of her brightest young men to study and report upon trade and commerce, and also to obtain practical training, either at commercial establishments or in factories. A larger percentage of these young men were sent to the United States than to any other nation. Since this system was inaugurated young men have also been sent to Mexico, Germany, England, France, China, British India, Belgium, Russia, Siberia, Australia, Canada, Peru, Straits Settlements, Java, Switzerland, and the Philippines, and they have carried back to Japan a wonderful amount of information and practical knowledge, much of which has been adopted into the industrial life of the Empire. Japan has established numerous commercial sample museums, not only at home but abroad. Some of those abroad are in Vladivostok, Odessa, Bombay, Singapore, Mexico, Constantinople, and the various ports of China. Also she has established experimental schools for the production of commercial commodities.

**Tariff System.** Japan has a comprehensive tariff system. It is divided into three main classes: Dutiable goods, non-dutiable goods, and prohibitive goods. For dutiable goods the tariff ranges from 5 to 40 per cent ad valorem. The tariff upon tobacco and alcohol is practically a prohibitive one.

## FINANCE.

Japan is struggling under an immense debt amounting in 1908 to yen 2,276,820,452, or about \$1,138,410,226 in United States gold, and this debt appears to be growing larger rather than diminishing, for in 1905 it was yen 991,288,141; in 1906, yen 1,872,381,121, and in 1907 it was yen 2,217,722,753. The great increases in 1906 and 1907 were due to her war with Russia, but the increase in 1908 appears to be chiefly due to the purchase of private railroads by the Government. Her financiers did not seem to fear the ultimate outcome for they continued to increase their subsidies and to place more utilities under government ownership, calling upon the people to pay increased taxes in one way or another to meet the heavy burden of expenses already onerous. A change in the administration of the Government has recently taken place, however, which promises more conservative expenditures and a lower tax rate. Many seem to be of the opinion that the task now before the Government—that of paying off her large national indebtedness—is a herculean one; but with the wise and careful handling of her finances, an equitable distribution of the burden of taxation, a well-organized banking system, her great trade and commerce, and her patient, frugal, energetic and patriotic people, this task is far less formidable than that which the Empire went through immediately following the Restoration.

**Banking.** The banking system of Japan was originally borrowed from America, a report of our system of national banks having been sent home by Marquis Ito as early as 1870. As a result four national banks were started which had in a short time issued bank notes in excess, thereby causing their

depreciation, and the embarrassment of the banks. Changes were then made in the national banking regulations and some one hundred and fifty banks were organized under the new laws, which banks in turn embarrassed the Government by an overissue of paper currency, resulting in the privilege of issuing paper money being withdrawn from national banks after 1880. This privilege was then reserved exclusively for a newly established bank called The Bank of Japan, which bank still enjoys this exclusive privilege. It was organized to replace the national banking system and to have a central bank for the issue of currency. Its authorized capital is yen 30,000,000, fully paid up, and in 1907 its reserve fund amounted to yen 21,500,000. It issues paper money only on gold or silver coin, bullion, government bonds, treasury bills, commercial bills, or bonds of a reliable nature. It is entrusted with the management of the treasury receipts and disbursements.

The Yokohama Specie Bank comes next in importance, and was organized nearly thirty years ago for the purpose of increasing facilities for foreign trade. It has a capital of yen 24,000,000, and reserve fund of about yen 15,000,000.

One of the most interesting banks in Japan is the Hypothec Bank, organized about twelve years ago for the purpose of developing agriculture and industry by giving long-term loans at low rates of interest. It has a capital paid up of yen 4,250,000, and a reserve of yen 1,503,481. The government of Japan has in a remarkable way fostered the enterprises of her subjects through her banking systems.

There were in 1907 some forty-six agricultural and industrial banks in the Empire, located in the various provinces, each with a fair-sized capital, and organized under Government

regulation for the purpose of making small loans for farming or industrial purposes. They are directly associated with the Hypothec Bank of Japan.

The banking system of Japan may be said to be on a sound business basis. There are over 2,000 banks in the Empire having a total paid-up capital of nearly yen 450,000,000, and a reserve fund of over yen 130,000,000. Japan went on a gold basis in 1897, though there is no gold in current circulation, paper money and silver coins answering all purposes of trade. The denomination of the medium of exchange is yen, which corresponds in value to about fifty cents in United States money. The statement is often made that the trusted employees in mercantile and banking institutions in Japan are Chinese. This statement we found to be true only so far as it applies to foreign concerns. The Japanese banks and mercantile businesses employ Japanese almost exclusively. In the larger cities there are clearing houses as is customary in the United States, and they answer the same purposes.

**Foreign Capital.** There is a desire on the part of the financiers of Japan to interest foreign capital in their enterprises, though they do not wish to lose control of or give foreigners much voice in the management of their affairs. The Government is very liberal with its subsidies, but always surrounds companies so assisted with sufficient restrictions so that foreigners cannot enjoy any of the benefits accruing from such assistance. They are looking for capital which they need for the development of their enterprises, and in some cases money so invested brings very good returns, but generally speaking, while they are working to secure financial aid from abroad, they are also strong in their determination to keep the profits at home.

Some of the industrial companies of Japan, in which to some extent foreign capital is invested, are on a substantial

financial basis, and are declaring large dividends, noticeably a few spinning companies, which pay from 20 to 50 per cent per annum, besides laying aside big amounts for reserves. Interest rates vary as in other countries, the general average running from 6 per cent to 10 per cent, except in country districts where the average rate is much higher.

## CHAMBERS OF COMMERCE.

Those of your members who were privileged to act as representatives on the Commercial Commission were greatly impressed by the unanimity with which the Chambers of Commerce of Japan acted on all occasions. On our arrival at Yokohama we were met at the hatoba (wharf) by the five presidents and a large number of members of the Chambers of Commerce of Tokyo, Osaka, Kyoto, Kobe and Yokohama. Greetings of welcome were extended and souvenirs were presented, and from that time until our official visit ended, over three weeks afterward, most of the officers of these respective Chambers of Commerce accompanied us on all of our excursions, were present at every function; every attention was shown and every possible courtesy was offered to our entire party. The cordiality and hospitality of our hosts passed far beyond our greatest expectations.

The common people of Japan entered into the spirit of the reception. The children everywhere ceased their play, raised their little hands, and with faces beaming with enthusiasm shouted a welcoming "Banzai." The Government officials and the aristocracy of the nation opened their homes to us and extended to our commission a royal entertainment. In our quiet moments we asked ourselves, "How do these Chambers of Commerce bring about such results? What moral or financial support is given by the Government?" Investigation brought forth the fact that there is a Higher Council of Agriculture, Commerce and Industry in Japan, which was originally organized for the promotion of foreign trade, and which is supplied Government aid. Membership in this body consists of a chairman, vice-chairman, five officials of the de-

partments of Agriculture and Commerce, Foreign Affairs, Finance, and Communications and twenty five men of high commercial standing. Foreign trade in all its various ramifications of exporting and importing are considered by this body. In 1897 its labors were increased to cover deliberations on domestic trading. This body is evidently the connecting link between the Government and the many Chambers of Commerce distributed about the Empire. Though the latter are organized under legislative enactment and are of great importance to commerce, the former body is the all-powerful institution, and its existence explains the unity of action on the part of all the others.

To further show the relationship existing between the Chambers of Commerce and the National Government the principal clauses in the law of March, 1902, are given. This law provides that a Chamber of Commerce is

“1—A judicial person.

“2—Qualified to investigate all measures calculated to encourage trade and industry.

“3—To represent to the officers concerned its views about legislation relating to trade and industry and also on all matters relating to the interests of trade and industry.

“4—To give replies to the inquiries referred to it by the officers concerned.

“5—To inquire into the situation of trade and industry and to compile statistics bearing on the same subject.

“6—To undertake similar inquiries at the request of merchants and manufacturers, and also to guarantee the place of produce, price, etc., of commodities.

“7—To appoint, at the request of Government officers, appraisers or consulting agents relating to trade and industry.

“8—To act as arbitrator in disputes of merchants or manufacturers at the request of the parties concerned.



“9—To establish, subject to the approval of the Minister of Agriculture and Commerce, institutions of a commercial or industrial character, or to manage them, or to make other provisions calculated to encourage trade or industry.

“10—The Minister of Agriculture and Commerce, or the chief of local administration, has power to order a Chamber of Commerce to investigate a commercial or industrial matter.”

## FRIENDSHIP.

In one of his lectures upon the *Tenyo Maru* we were impressed by a declaration made by Dr. De Forest. He informed us that in discussing with a Japanese of high rank the probability of war between the United States and Japan, the gentleman said that war between the United States and Japan was an impossibility. That the Japanese would have no heart to fight the Americans, as the Americans had at all times been their best friends and advisers. During all our stay in Japan not a single speech was made by those entertaining us, whether officer or private citizen, without reference being made to the debt of gratitude which Japan owes to the United States, and the deep and abiding friendship which the Japanese people bear the citizens of the Great Republic. And a large number of the Japanese newspapers printed editorials in English laudatory of our country and the deep obligation which Japan is under to the United States. On every hand during our tour through Japan we heard similar sentiments expressed.

Baron Shibasawa, probably the ablest financier in Japan, in stirring and forcible language emphasized this debt of gratitude in an address delivered at a luncheon given by him in honor of the Commissioners.

Mr. K. Sugawa, for ten years an exporter and importer in Japan, gave voice to the following: "It was Commodore Perry who, half a century ago, awakened us and opened our doors to the world, and from that time on we have steadily developed in Western civilization. America has been both our friend and teacher all the while, and our watchful guardian as well."

Mr. M. Matsukatta, who is president and manager of the Kawasaki Dock Yard Company, which employs about 7,000

men, in addressing the Commissioners said: "Acquaintance softens prejudice—we banish forever from our thoughts any semblance of prejudice which might sweep treacherously into our minds in the absence of knowledge. It is you who tore down the veil of antiquity from us, and dragged our unwilling nation to the light of modern civilization. It is you, too, who have stood solidly by us through all the period of our national existence. For this reason you are held in our thoughts in a peculiar light of reverence and affection that can never be wiped out of our minds. With your broad foresight and magnanimity you broke down the barriers which separated our states, and showered down the benefit of American republicanism irrespective of race, nationality, and language. In the spirit with which you have done favors to other nations, we recognize the beacon light of the world-civilizer. Nationality, race distinction, and language have no significance whatever in your eyes, being absorbed in the great and deep common humanity of the American spirit. Being led by you, we will march shoulder to shoulder against any common enemy of humanity and the progress of civilization. The bond of union thus formed between us, cemented by the loftiest feelings, is proof against any storm of yellow papers and jingoists that may rage against it. Thus the relation between the United States and Japan is inviolable."

Upon inquiry we learned that even the children of the public schools have for years been told of the gracious conduct of the United States towards the empire of Japan, and the distinterested advice at all times extended. In the introductory chapter to a work entitled, "Agitated Japan," by Mr. S. Shimada, first published in 1895, he asserts, "Without the least taint of flattery it is safely asserted that Japan is indebted to no other country so much as to the United States. This indebtedness began on her first trial of that international

intercourse which she has kept up ever since and will, undoubtedly, continue as long as the world shall last. It is an undeniable fact that the honor of having opened the hitherto secluded empire of Japan to foreign intercourse, commercial and otherwise, rests with the United States."

Next to Commodore Perry, the Japanese people appreciate the difficult and delicate work of our first Consul General to Japan, Mr. Townsend Harris, who, because of his good advice in troublous times, was looked up to as Japan's best friend and wisest counselor, and, even at the present time, the one man who is closest in the counsels of the Minister of Foreign Affairs is an American gentleman of marked ability, Mr. W. H. Dennison, whom it was our great pleasure to meet on various occasions.

All this naturally led us to believe that the friendship of Japan towards the United States is abiding. Had it not in itself been sufficient, the manifestation of the hundreds of thousands of people who greeted us with flags, banners and lanterns, and by shouts of "Banzai," their enthusiasm at times becoming so great that they blocked the way of our vehicles, would have convinced us beyond the peradventure of a doubt.

There are, however, other reasons for believing that Japan desires continuing peace with America. She has sold to the United States as high as \$65,000,000 worth of goods in a year, and bought about \$40,000,000 from us, leaving a balance of trade in her favor of about \$25,000,000. Japan produces rich fabrics and porcelains. For a market for these she depends principally upon the opulent classes of the United States.

Japan is doing the major portion of the carrying of the exports and imports of the United States to and from foreign countries across the Pacific Ocean. She has developed the greatest merchant marine ever upon the Pacific Ocean, which she is extremely anxious to enlarge and extend; all of which are potent and substantial reasons for her to desire the continuation of peace with America.

## OBSERVATIONS.

Our observations lead us to conclude that the Japanese today are the most united people on the face of the earth. There is an idolatry of the Emperor by all his subjects, an abiding faith in the great destiny of the nation, a loyalty born of the "Bushido spirit," and a readiness for self-sacrifice, which augur a measure of success in their undertakings otherwise impossible. The people place the Emperor first in all of their calculations, and in return the Government itself is paternal. She assists in the education of her subjects individually and collectively, she fosters home enterprises and subsidizes her shipping that it may prosper in the face of hard competition or adversity.

These things in a measure explain the wonderful advancement made in recent years in her industries. The Government officials and advisers of Japan realize the importance to their Nation of developing the arts of peace. They have been and are passing through a great financial crisis. The people are taxed almost to the limit of their ability to pay because of their present vocations and small remuneration. To be taxed more the people must earn more. They work hard now, and patiently, but with small wages. How to change this condition has been a problem which has vexed their financiers in the extreme. One of the panaceas is the development of their manufacturing industries. Two of the most expensive items in manufacturing are power and labor. These Japan has in abundance, ready for the hands of enterprise and capital to call them into action. The water power is at hand ready to be harnessed. Millions of artisans, who through the ages have been using their hands in artful pursuits and have thereby

become deft with their fingers, are only awaiting the call to the spindle and the machine. What they need is capital, which is slowly, but surely, coming, or accumulating. Many of the plants already started are great institutions employing thousands of operatives and paying big dividends. Others are being installed. One electric plant is preparing to draw its power through a long tunnel high up the mountainside, and to develop 30,000 horsepower; and another of a larger capacity is already under way. Japan's announced intention is to become a manufacturing nation, and present indications point strongly toward the early realization of her ambitions.

The natural resources of the country are of great value, but, on account of the cheapness of labor and the initial cost of machinery, are being developed almost entirely with rather primitive methods. Mining, forestry, and fishing are each returning millions of yen per annum in products, and are constantly increasing in their gross revenues to the country. At present most of them are for home consumption, but foreign markets are being sought with considerable success. To obtain an adequate market for the output of the factories, mines, and forests of Japan it becomes necessary to develop foreign commerce to a maximum degree, and this is one of the problems which Japanese statesmen are attempting to solve, for the Government seems to investigate all phases of commerce and industry, to point the way, and then to assist her merchants, manufacturers and shippers in building up substantial enterprises. Announcements are already made that on January 1st the Toyo Kisen Kaisha Company will establish a new line of steamers between Japan and Chili under heavy subsidy from the home Government. This probably means large shipments of nitre from Chili, and the extensive manufacturing of the products of nitre in Japan, which industries will undoubtedly be fostered and encouraged as necessity requires. It also

means an extensive exchange of commodities between the two countries and probably the introduction of many Japanese goods and wares in South America, where, at the present time, England, Germany and the United States are doing a large and lucrative business.

The remarkable progress made by Japan in her shipping industries during recent years places her among the great maritime nations. Her foreign trade, already important, accounts in a degree for the success of her shipping—Japan's exports of commodities during 1907 amounting to \$216,000,000, and her imports to \$247,000,000. Of these amounts the United States uses over 30 per cent of her exports and only supplies about 16 per cent of her imports. Financially the United States is Japan's best friend, for we pay millions of dollars annually to settle our balance of trade.

Japan's foreign trade relations and her opportunities for the development of her natural resources, and her manufacturing possibilities, coupled with her important shipping industries and the possibilities for future development, are the best harbingers for peace in the Pacific. She is reaching out for more business on the shores of the Pacific, and by natural growth, supplying the demands of foreign countries as she finds them, she is likely to become the great source of supply for the Orient and also for the countries bordering on our great ocean.

The merchants of Japan up to the time of the Restoration were a despised class. They ranked below the soldiery, the farmers and the laborers. True to their reputations they, as a class, took an advantage in trading, were dishonest and unscrupulous. After the Restoration intercourse with foreign countries grew to more importance and the Government officials were brought to realize that in order to enlarge and develop commerce between great nations a high standard of commercial honesty

was the first essential. The Samurai class were requested to enter the trades, but, unaccustomed to the handling of money or accounts, most of them proved a dismal failure, as might have been expected when one considers that estimates place 95 per cent of business ventures in the United States as failures. The result was unsatisfactory.

The Government herself, through her Department of Agriculture and Commerce and its Chambers of Commerce, which are organized under Government regulations, is now educating her merchant class to higher standards, paying particular attention to the establishment of the one-price system and the inviolability of a contract. What the Government undertakes with her subjects is usually accomplished, and the future will probably place the traders of Japan on the same platform of commercial honesty with the merchants of the most enlightened nations.

It might be well for those who are disposed to criticize the Japanese traders as lacking in commercial morality to bear in mind that as late as 1880 Bismarck sent a circular to the professional councils of the German Empire warning them of "a lamentable lack of reliability with regard to German shipments inter-alia, apparent both as to quality and quantity."

The possibilities for the development of trade between the United States and Japan were emphasized by the facts related in the following letter:

Hanshin Electric Railway Co.,  
Amagasaki, Hiogo-ken, Japan.

October 31, 1908.

Ladies and Gentlemen of American Businessmen's Commission:

On behalf of the Hanshin Electric Railway Company, I take the liberty to tender to you a most hearty and cordial welcome to our road, which you honor by riding on today.



I feel that we are especially qualified to welcome you, because throughout our whole system we owe you and your fellow countrymen a great help from its birth to the present prosperity. I beg you would allow me to cite a few instances.

The car in which you are riding is a product of Stephenson Car Company of New Jersey, mounted on the Brill trucks, equipped with Westinghouse motors and controlling apparatus, and Christensen air-brake, runs on the rails and steel girders supplied from the Carnegie Steel Works, receiving current through the overhead construction supplied from Mayer Englund Company of New York, which is generated by the General Electric generators, coupled to the McIntosh and Seymour engines, with steam delivered from the Babcock and Wilcox boilers, with Worthington pumps and condensers.

*The whole system was designed and constructed, and is operated under the direction of our Chief Engineer, Mr. S. Misaki, a graduate of the San Francisco Boys' High School, Stanford University, and Purdue University of Lafayette, Ind. The promoter and the first president of the company, Mr. S. Toyama, acquired the knowledge of constructing this first interurban electric railway in Japan during his journey through the United States. I am myself also one of American sincere students, and in my present management I am following the instructions received during my journey through America.*

Thus you, the delegates of our teachers, are entitled to examine whether your pupils have done well or not, and I am exceedingly happy if you feel at home, even for a moment, on your way from Osaka to Kobe.

I thank you heartily for your generosity to honor us with a ride. I am

Your sincere student,

(Signed) R. IMANISHI,

The Managing Director of The Hanshin  
Electric Railway Company.

In visiting the various factories we found that most of the electrical machinery came from the United States, while the greater portion of all other machinery came from England; and upon inquiry we learned that England, Germany and France had representatives in Japan introducing machinery made in those countries, while from the United States practically the only class of machinery represented was electrical. One of the largest shipbuilders informed us that the only way for him to determine the usefulness and quality of American machinery was to either visit or send representatives to the United States for that purpose. During his last visit he paid \$125,000 in cash and agreed to a contract to pay a royalty of 75 cents per horsepower for the privilege of building turbine engines in Japan. He also pointed out many machines which he was able to acquire only after seeing them used in the United States. A large leather belt manufacturer also complained of the laxity on the part of the manufacturers of the United States in soliciting business in Japan, and this was the sentiment expressed by most of the manufacturers using foreign machinery.

Japan's geographical location is such, her onward and upward tendency in manufacturing, trade and commerce so marked, her proximity to China and Asia so favorable to commercial intercourse, that any country would be ill advised that should fail to recognize Japan's position among the nations of the earth, and seek her trade and commerce and the friendship of her people.

Trade statistics for the year 1907 between Europe and the United States show a balance in our favor of over \$550,000,000, or more than the entire foreign trade of Japan. The foreign trade with countries east of the United States has been exceedingly well handled, but how have we of the West developed our trade with the Orient? From figures already

quoted the balance of trade between Japan and the United States is against us, but when we consider all Asia the comparison is even worse, for it is nearly \$120,000,000. With Europe our exports are over 70 per cent greater than our imports; with Asia our imports are over 130 per cent greater than our exports. Great changes are taking place in the commerce of the Orient even now. That greater changes will follow in the near future is generally recognized. That the United States is not reaping its share of the business is evident by the fact that, though friendly, Japan buys from us less than 16 per cent of her imports.

Are we of the West to sit by and watch the development of a wonderful and gigantic commerce and not have a share in that development? The United States today stands higher in the Orient than any other nation. The opportunities are there. That nation which pays sufficient attention to garner the first fruits of the awakening, that nation which introduces its wares first and establishes its reputation for honest dealing and dependable commodities will enjoy a commerce in the years to come which cannot be easily taken away, and which will bring to her people a profitable trade, the value or volume being impossible to estimate by present standards.

Respectfully submitted.

*Ex-officio:*

F. W. DOHRMANN

President Honorary Commission

San Francisco

C. M. COOKE.

Vice-President Honorary Commission

Honolulu

R. B. HALE, Chairman.

San Francisco

E. F. BLAINE,\* Seattle

O. M. CLARKE, Portland

E. E. SKINNER, Eureka

A. C. BILICKE, Los Angeles

A. F. ALBERTSON, Tacoma





THE UNIVERSITY OF CHICAGO



